

Whistle blowing

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- The slides are in relation to my classroom teaching content specifically for B.com(H), 3year , 6th semester section I and H

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Definition

“Whistle Blowing describes the disclosure of information that one reasonably believes to be an evidence of contravention of any laws or regulations or information that involves mismanagement, corruption or abuse of authority within an organization. It is raising a concern about wrong doings within an organization through an independent structure associated”



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Purpose

- To draw attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the organization or for those affected by its functions
- It extends to situations where an individual believes that an activity is harmful while others involved are not aware of it or reject the perception that is involved

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Example of when should Whistle Blower act

- THEFT
- HARRASMENT
- UNETHICAL PRACTICES
- FRAUD
- VIALOTATION OF REGULATIONS AND CODE OF CONDUCT
- LACK OF INDEPENDENCE OF AUDITORS
- DISCRIMINATION
- DISHONESTY
- INSIDER TRADING
- CORRUPTION AND BRIBERY
- LACK OF WORK PLACE SAFETY HAZARDS
- FINANCIAL STATEMENT MISREPESENTRATION

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Types

- **Internal Whistle Blowing** is made to someone within an organization
- **Personal Whistle Blowing** is blowing the whistle on the offender - the charge is not against an organization or system but against one individual
- **Impersonal/External Whistle Blowing** for an external issue not directly affecting one as an individual

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Effects on Whistle Blower

- Increasing order of magnitude
- Credibility ruined
 - Physical or psychological isolation
 - Forced to leave organization/demotion
 - Loss of money, restitution, productivity and positive reputations
 - Incarceration
 - Family, health and/or life in jeopardy



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Whistle Blowing Policy

- SEBI requires all listed organizations to have a Whistle Blowing Policy. Private companies or not mandated.
- However, implementation of 'Whistle Blowing Policy' it is considered to be the highest in terms of ethical practices - an indication that the company follows the highest level of corporate governance.

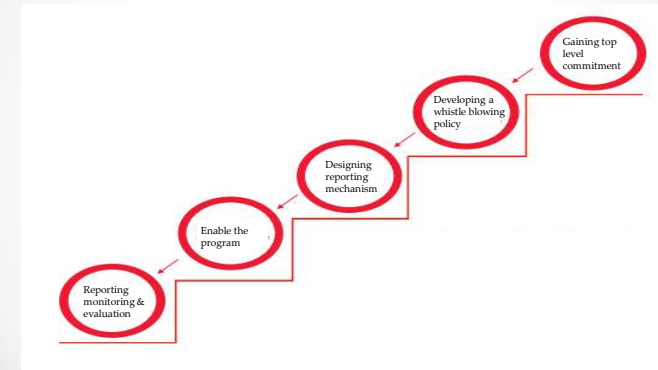
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Whistle Blowing Components

- **Define individual covered:** A whistle blower policy should cover the individuals within the organization as well as external parties who conduct the business with the organization.
- **Non Retaliation Provisions:** Whistle Blower Policy should prevent discrimination or retaliation against employees who report wrong doings. The Whistle Blower should be given due protection his/her job or being put to any disadvantage otherwise by the affected persons in the authority.
- **Disclaimer:** A Whistle Blower Policy should include a disclaimer that anyone filing a claim must have reasonable belief that an issue exists and that he/she is acting in good faith
- **Confidentiality:** The Whistle Blower's identity is to be kept confidential. This encourages people to give names for further questioning as needed. Also it discourages false claims being filed.
- **Process:** A Whistle Blower Policy should address process for employees to follow in filing their claims e.g. direct claims to certain person, e-mails, hotlines etc.
- **Communication:** A Whistle Blower Policy is to be communicated to employees, vendors, customers and shareholders

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Example Whistle Blowing Mechanism



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Agenda

- What is Whistle Blowing?

- Case Studies: Satyendra Dubey NHAI and Others

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Context

- 31 year old IIT Kanpur Civil Engineer Graduate employed at National Highway Authority of India (NHAI)
- He was assigned to 'Golden Quadrilateral' and important national project to connect the 4 corners of India
- He was posted at Koderma, Jharkhand as project Direction and was in charge of releasing funds for large stretch of under-construction highway



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Satyendra Dubey discovered discrepancies in the project he was assigned

- Contracts awarded on the basis of forged documents
- Huge advances doled out to contractors
- Rampant sub letting to petty contractors who lacked the technical ability to work on this mega project
 - Contracted firm L&T had been sub-contracting the work to small low technology groups controlled by the local mafia
- Everyone from the Govt engineers to MNC construction companies to local thugs seemed involved in 'loot of public money'



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Satyendra Dubey decided to Blow the Whistle

- In 2002, he wrote a letter to his boss NHAI Project Director S. K. Soni and to Brig Satish Kapoor, engineer overlooking the supervision.
- Wrote a letter to the PM.
- Sent the same letter to the Chairman of NHAI
- He anticipated trouble and wrote a second letter, again requesting anonymity.

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What did the authorities do

- PMO did not bother to investigate. PMO handed over both the letter and the sheet with Satyendra's particulars to the Ministry of Road Transport and Highways
- More than 8 officials scanned it before passing it to the NHAI
- NHAI did not respond



No action taken, was ignored and finally found shot dead in Gaya in 2003

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After Dubey....

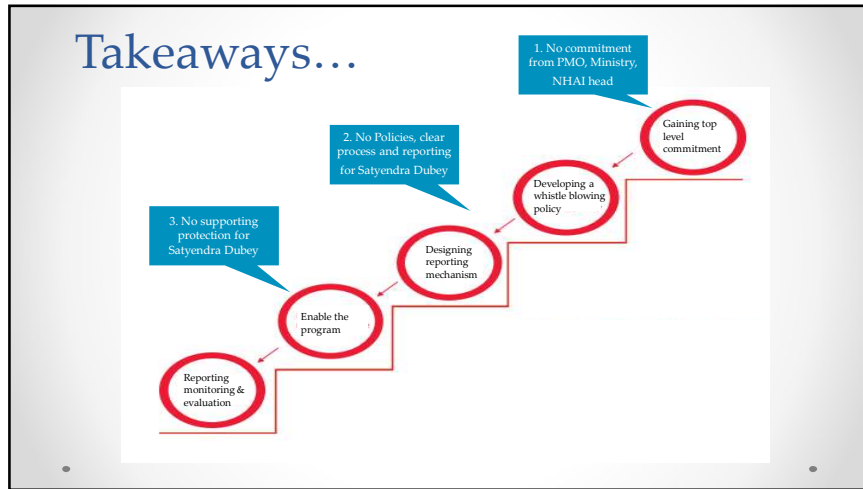
FOR SATYENDRA DUBEY

- >50,000 citizens signed petition demanding action from the Government
- The investigation continued for many years
- In 2010, CBI apprehended 3 people for Satyendra Dubey's murder during a robbery

FOR WHISTLE BLOWER REGULATIONS IN INDIA

- After Satyendra Dubey, Central Vigilance Commissioner was empowered to act on the complaints of the whistle blowers and to protect them.
- Government authorized the CV to act as the designate agency to receive written complaints of whistle blowers
 - Only for central government employees, companies and authorities owned by the government

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Other Whistle Blowers

SHERRON WATKINS AND ENRON (2002)	COLEEN ROWLEY AND FBI (2002)	CYNTHIA COOPER
 <p>ENRON INVESTIGATION SHERRON WATKINS WHISTLEBLOWER</p> <ul style="list-style-type: none"> Former Vice President of Enron corporation testified before Congressional committees from the house and senate investigating Enron's demise 	 <p>COLEEN ROWLEY FBI (2002)</p> <ul style="list-style-type: none"> FBI staff attorney who wrote 13 page memo to FBI director about pre 9/11 intelligence; testified before the Senate Judiciary Committee and helped gov't focus on better intelligence 	 <p>CYNTHIA COOPER</p> <ul style="list-style-type: none"> WorldCom's director of Internal Audit who discovered \$3B in questionable expenses; ultimately disclosed her findings leading to WorldCom's stock being frozen, decline in credit rating from B+ to CCC-

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THE END

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